Amendments to the Specification:

Please amend the Title of the Invention as follows: IMAGE PROCESSING APPARATUS AND METHOD WITH PSEUDO-CODED REFERENCE DATA

Please replace paragraphs [0057], [0066], [0151] and [0157] with the following amended paragraphs:

[0057] When the switch 101 is off (while ~~interframe~~ intraframe coding is being performed), the multiplexer 106 directly outputs a stream input from the variable length coding unit 105. When the switch 101 is turned on, establishing connection between the multiplexer 106 and the memory 100 (while interframe coding is being performed), the multiplexer 106 outputs a stream obtained by combining the pseudo-coded reference data stored in the memory 100, the coded data output from the variable length coding unit 105, and motion-vector data output by a motion compensation unit 110 (described later). The multiplexer 106 also combines a type code representing picture types (e.g., an I frame, a P frame).

[0066] In step S204, image data, obtained such that the representative quantized values output by the quantization unit 104 are processed by the inverse quantization unit 107[[,]] and the inverse DCT unit 108~~, and the adder 109~~, is stored as data of the next reference frame in the frame memory 111. After that, the I-frame coding process of the image coding apparatus 2 ends.

[0151] As shown in Fig. 16, in steps S200 to 202, the image coding apparatus 2a outputs a stream by performing image coding process on input MB data. In step S204a, the frame memory 111 stores, as a reference image (reference frame) for the next frame, image data obtained such that representative quantized values output by the quantization unit 104 are processed by the inverse quantization unit 107[[,]] and the inverse DCT unit 108~~, and the adder~~

~~109~~. After that, the I-frame coding process of the image coding apparatus 2a ends.

[0157] In step S304c, the multiplexer 106 ~~outputs~~ multiplexes ~~a stream in which~~ the pseudo-coded reference data output from the variable length coding unit 13 and the predictive MB data output from the variable length coding unit 105 ~~are combined with each other~~. The subsequent steps S305 to S307 are identical to those in Fig. 5.